

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 24

18meeting date: 25 SEPTEMBER 2018
title: TREASURY MANAGEMENT MONITORING
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To provide you with a monitoring report on our treasury management activities for period 1 April 2018 to 31 August 2018.

1.2 Relevance to the Council's ambitions and priorities:

- In accordance with the corporate strategy priority -“to ensure a well-managed Council, by maintaining critical financial management and controls.” This report provides members with information regarding the treasury management activities for the period.

1.3 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.

1.4 In accordance with this policy committee should receive a quarterly monitoring report on the Council's treasury management operations.

2 BACKGROUND

2.1 Events in recent years have raised the profile of the treasury management function and highlighted the potential serious risks involved.

2.2 The Council borrows any money it requires to fund its capital spending plans from the Public Works Loan Board. They make funds available for long loan periods at interest rates just below market rates and lend to Government and Public bodies. The Council rarely borrows to fund its revenue activities and is much more likely at any point in time to have surplus funds to invest.

2.3 On a daily basis we assess our cash flow position. To do this we estimate the funds we expect to receive e.g. council tax payments, grants and fees, and deduct any known payments we expect to make e.g. precepts, creditors and salaries.

2.4 On most days the Council is in a position where it has surplus funds available to invest.

2.5 How we invest these surplus funds is governed by the Council's Treasury Management policies and practices agreed and reported to Policy and Finance Committee and ultimately Full Council.

2.6 The main points being:

- The Council maintains a list of organisations it will lend its surplus funds to, which is regularly reviewed. The current list is shown in section 7 of this report.

- The Council has maximum limits for each bank or building society of £1.75m. The limit for the Debt Management Office (DMO), where the Government guarantees investments, is currently £5m and the limit for other Local Authorities, Police and Crime Commissioners, Fire and Rescue Services and Transport Authorities is £2.5m per institution
- The safety of our investments is paramount and not the requirement to maximise returns.
- Our policy has been to only lend to major British Banks and Building Societies relying on the assumption that the Government would be unlikely to allow a major bank/building society to fail.

3 PUBLIC WORKS LOAN BOARD

- 3.1 Bank base interest rates increased from 0.50% to 0.75% on 2 August 2018.
- 3.2 Any changes in interest rates only affect interest received on our temporary investments as interest payable on the Council's long-term loan debt from Public Works Loan Board (PWLB), all at fixed interest rates.
- 3.3 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from PWLB. The reduction was to be applicable for those councils that provide an annual return providing 'improved information and transparency' on 'borrowing and associated capital spending plans'. This will enable the government to build a more robust forecast of public expenditure.
- 3.4 A return has been submitted for Ribble Valley Borough Council and we are now listed as an eligible council for the certainty discount rate on the PWLB website.
- 3.5 There are two types of loan according to interest rate that are available from the board:
- Fixed rate loans, on which the rate of interest is fixed for the life of the loan and interest is payable at half-yearly intervals;
 - Variable rate loans, on which the rate of interest is variable at one, three or six monthly intervals. The interval is at the choice of the borrower but once chosen remains the same for the life of the loan.
- 3.6 For each of the two types of loan according to interest rates, there are three types of loans by method of repayment or amortisation
- Annuity or Equal Repayments (ER): fixed half-yearly payment to include principal and interest; or
 - Equal instalments of Principal (EIP): equal half-yearly instalments of principal together with interest on the balance outstanding at the time; or
 - Maturity: half yearly payments of interest only with a single repayment of principal at the end of the term.
- 3.7 As mentioned in paragraph 3.2 all our PWLB debt is at fixed interest rates.

4 BORROWING REQUIREMENTS

- 4.1 There has been no movement on the Council's external borrowing during the period as the instalments are only paid at the end of September and March. The external debt can be summarised as follows.

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2018	147	7	154
Transactions - New Loans	0	0	0
- Repayments	0	0	0
External debt at 31 August 2018	147	7	154

- 4.2 No temporary loans were taken out in the period April to August 2018 or in the same period in 2017.

- 4.3 No half yearly instalment of interest is due until September 2018.

5 TEMPORARY INVESTMENTS

- 5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum.

- 5.2 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	Banks/Building Societies £000	Other Local Authorities £000	Total £000
Monies Invested at 1 April 2018	3,115	6,800	9,915
Transactions - New Investments	47,240	4,000	51,240
- Repayment Investments	-35,540	-10,800	-46,340
Monies Invested as at 31 August 2018	14,815	0	14,815

- 5.3 The following investments were held as at 31 August 2018.

Date Invested	Nos	Borrower	Notice	Rate %	£'000	£'000
06 Aug 18	224	Bank of Scotland	Fixed 03 Sept 18	0.61	720	
06 Aug 18	232	Bank of Scotland	Fixed 14 Sept 18	0.62	365	
31 Aug 18	105	Bank of Scotland	Fixed 13 Sept 18	0.60	650	
						1,735
02 July 18	63	Nationwide BS	Fixed 01 Oct 18	0.53	1,500	
						1,500
30 July 18	86	Yorkshire BS	Fixed 30 Oct 18	0.57	1,100	
						1,100
31 July 18	88	Leeds BS	Fixed 31 Jan 19	0.68	1,750	
						1,750

Date Invested	Nos	Borrower	Notice	Rate %	£'000	£'000
16 Aug 18	97	Lloyds Bank Plc	Fixed 29 Oct 18	0.70	770	
31 Aug 18	106	Lloyds Bank Plc	Fixed 19 Sept 18	0.60	980	
						1,750
31 Aug 18	107	Barclays	Fixed 18 Oct 18	0.53	1,750	
						1,750
18 Jul 18	78	DMO	Fixed 13 Sept 18	0.41	2,500	
31 Jul 18	87	DMO	Fixed 22 Oct 18	0.48	1,450	
						3,950
13 Aug 18	94	HSBC Bank Plc	Fixed 10 Sept 18	0.60	100	
17 Aug 18	98	HSBC Bank Plc	Fixed 03 Sept 18	0.60	225	
20 Aug 18	99	HSBC Bank Plc	Fixed 03 Sept 18	0.60	135	
22 Aug 18	100	HSBC Bank Plc	Fixed 03 Sept 18	0.60	80	
24 Aug 18	101	HSBC Bank Plc	Fixed 03 Sept 18	0.60	80	
28 Aug 18	102	HSBC Bank Plc	Fixed 03 Sept 18	0.60	200	
28 Aug 18	103	HSBC Bank Plc	Fixed 14 Sept 18	0.60	350	
31 Aug 18	108	HSBC Bank Plc	Fixed 21 Sept 18	0.60	110	
						1,280
Total Investments as at 31 August 2018						14,815

5.4 The total interest received on the Council's external investments during the period was £19,677 compared with £5,529 in the previous year.

6 PRUDENTIAL INDICATORS

6.1 The Prudential Code for Capital Finance in Local Authorities (the Code) initially came into effect from 1 April 2004. It regulates the Council's ability to undertake new capital investment.

6.2 It was revised to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS).

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2018.

- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- Total principal funds invested for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end

6.4 The limits set on interest rate exposures for 2018/19 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	7,506	154
Limits on Fixed Interest Rates	7,506	154
Limits on Variable Interest Rates	1,501	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2018/19 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	7
12 Months and Within 24 Months	20	0	7
24 Months and Within 5 Years	30	0	21
5 Years and Within 10 Years	40	0	34
10 Years and Above	90	0	31

6.6 The total principal funds invested for a period longer than 364 days was set at nil. This indicator is in place to ensure that the council is aware of the cash-flow implications of investing for periods of longer than 364 days. In lending surplus funds, the council must ensure that it can't be put in a position where it would be forced to realise any of its investments before their maturity. If this were to be the case, the council could find itself with a financial loss.

6.7 No investments (excluding our shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd) have been made in the period for longer than 364 days.

6.8 In 2017 the Prudential Code was changed to reflect developments since it was updated in 2011. It plays a key role in capital finance in local authorities that are central to the delivery of public services.

7 LOCAL GOVERNMENT BONDS AGENCY

7.1 The Local Government Bonds Agency is a freestanding independent body owned by the local government sector that will raise money efficiently on the capital markets at regular intervals to on-lend to participating local authorities.

7.2 Participating authorities are those local authorities that have invested in the setting up of the Agency or have invested risk capital to capitalise the Agency and fund it through its early years of operations. The agency has been incorporated with the name Local Capital Finance Ltd.

7.3 The Agency will offer a viable alternative source of capital funding to councils, other than the Public Works Loans Board (PWLB). Historically we have used the PWLB for our long term borrowing. The Local Government Bonds Agency will be able to offer loans at better or at least equivalent rates to the PWLB and tailor packages to meet the particular needs of participating authorities.

7.4 Ribble Valley Borough Council has invested £10,000 in the agency. The Agency is owned by those local authorities that invested in its establishment and those that invest in its capitalisation during its first ten years of operations. Such authorities will become shareholders in the Agency and therefore we, as other authorities, will have our say in the way it is run.

7.5 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates.

8 APPROVED ORGANISATIONS

8.1 Principally, Fitch credit ratings are used as an indication of the probability of organisations defaulting on our investments and are defined in Annex 2. They only show an indication of the current credit position. They are being monitored on a regular basis and any significant changes will be reported to this committee. In addition, we monitor and consider the ratings given by rating agents S&P Global Ratings (previously Standard and Poor), and Moody's together with the Fitch ratings prior to investing any monies on a day-to-day basis. The full list of ratings for our approved institutions is shown at Annex 3, and is a snapshot as at 31 August 2018.

8.2 It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets. However West Bromwich and Newcastle Building Societies have had their Fitch Rating withdrawn so have been removed from the approved list, leaving the top 6 building societies based on their total assets.

Name	Current Ranking Nov 2017	Fitch Rating		
		Full Transaction Review Date	Long Term	Short Term
Nationwide	1	01/03/18	A	F1
Yorkshire	2	24/04/18	A-	F1
Coventry	3	24/04/18	A	F1
Skipton	4	24/04/18	A-	F1
Leeds	5	24/04/18	A-	F1
Principality	6	24/04/18	BBB+	F2

8.3 The banks we use are reviewed annually as part of the Treasury Management Practices to take into account their Fitch IBCA long-term and short-term credit rating. The current ratings are as follows:

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc	24/01/18	A	F1
Barclays Bank Plc	21/06/18	A	F1
Bank of Scotland Plc	24/01/18	A+	F1
Co-operative Bank (The)	14/08/18	BBB	F2
HSBC Bank Plc	02/07/18	AA-	F1+
Lloyds Bank Plc	24/01/18	A+	F1

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
National Westminster Bank Plc	15/05/18	A-	F2
Royal Bank of Scotland Plc (The) *	15/05/18	BBB+	F2

* Changed since last reported

8.4 In addition to the building societies and banks we use for investments, also approved for use are other Local Authorities and the United Kingdom Debt Management Office, where the Government guarantees investments.

9 RECENT EVENTS

9.1 As anticipated, there was no further increase to the base rate in September, following the increase that was seen in August.

9.2 Brexit continues to be an area of high uncertainty, and any impact on interest rates in the short to medium term is still unclear.

10 EXPOSURE TO RISK

10.1 With the risks surrounding the UK's exit from the UK, it is imperative that we continue to protect the council's principal sums invested in order to minimise its exposure to risks.

10.2 To ensure our exposure is limited as far as possible, we have continued with the following measures:

- Daily early morning meetings to discuss the latest position:
 - Lending arrangements
 - A review of the Markets
 - A review of our current investments and whether we consider they are still safe.
 - Institution Ratings
- Authorisation prior to investments with either the Director of Resources or the Head of Financial Services
- Keep Leader/Chief Executive informed
- Look to arrange new secure options for investments.

11 CONCLUSION

11.1 It is essential to minimise the risk to the principal sums that are invested. Through the careful investment of sums in line with the council's strategy the level of risk in our investments has been kept to a minimum.

11.2 Due to the continued uncertainty in the global economy, a prudent approach continues to be followed in the investment of any surplus cash balances on a day to day basis.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF56-18/LO/AC

17 September 2018

For further information please ask for Lawson Oddie

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2018/19**

ANNEX 1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
Investments Brought Forward at 1 April 2018									
16-Mar-18	196	Coventry BS	Rolled Over	0.35	16-Apr-18		-148.63	A	F1
16-Apr-18	196	Coventry BS	Rolled Over	0.29	25-Apr-18		-35.75	A	F1
25-Apr-18	196	Coventry BS	500,000	0.45	15-Jun-18	-500,000	-228.08	A	F1
					Debtor		76.71	A	F1
31-Jan-18	213	Thurrock Council	1,500,000	0.38	03-Apr-18	-1,500,000	-968.22	-	-
					Debtor		936.99	-	-
15-Feb-18	224	Bank of Scotland	Rolled Over	0.42	23-Apr-18		-555.09	A+	F1
23-Apr-18	224	Bank of Scotland	Rolled Over	0.41	21-May-18		-226.45	A+	F1
21-May-18	224	Bank of Scotland	Rolled Over	0.37	19-Jun-18		-211.66	A+	F1
19-Jun-18	224	Bank of Scotland	Rolled Over	0.37	19-Jul-18		-218.96	A+	F1
19-Jul-18	224	Bank of Scotland	Rolled Over	0.40	06-Aug-18		-142.03	A+	F1
06-Aug-18	224	Bank of Scotland	720,000	0.61	Still invested		-312.85	A+	F1
					Debtor		372.82	A+	F1
28-Feb-18	228	Wirral Borough Council	1,800,000	0.50	23-Apr-18	-1,800,000	-1,331.51	-	-
					Debtor		789.04	-	-

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
08-Mar-18	232	Bank of Scotland	Rolled Over	0.37	09-Apr-18		-118.40	A+	F1
09-Apr-18	232	Bank of Scotland	Rolled Over	0.41	15-May-18		-147.60	A+	F1
15-May-18	232	Bank of Scotland	Rolled Over	0.38	19-Jun-18		-133.00	A+	F1
15-May-18	232	Bank of Scotland	Rolled Over	0.36	13-Jul-18		-86.40	A+	F1
15-May-18	232	Bank of Scotland	Rolled Over	0.39	06-Aug-18		-93.60	A+	F1
15-May-18	232	Bank of Scotland	365,000	0.62	Still invested		-161.20	A+	F1
					Debtor		88.80	A+	F1
15-Mar-18	235	Eastleigh Borough Council	1,500,000	0.80	23-Apr-18	-1,500,000	-1,282.19	-	-
					Debtor		558.90	-	-
15-Mar-18	236	HSBC	380,000	0.35	09-Apr-18	-380,000	-91.10	AA-	F1+
					Debtor		61.95	AA-	F1+
16-Mar-18	237	HSBC	300,000	0.35	13-Apr-18	-300,000	-80.55	AA-	F1+
					Debtor		46.03	AA-	F1+
19-Mar-18	238	HSBC	250,000	0.35	16-Apr-18	-250,000	-67.12	AA-	F1+
					Debtor		31.16	AA-	F1+
26-Mar-18	240	Suffolk County Council	2,000,000	0.80	30-May-18	-2,000,000	-2,849.32		
					Debtor		263.01		
29-Mar-18	245	HSBC	100,000	0.35	13-Apr-18	-100,000	-14.38	AA-	F1+
					Debtor		2.88	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAYED	PRINCIPAL REPAYED £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
29-Mar-18	246	HSBC	100,000	0.36	20-Apr-18	-100,000	-21.70	AA-	F1+
					Debtor		2.96	AA-	F1+
29-Mar-18	247	Coventry BS	Rolled Over	0.31	23-Apr-18		-84.93	A	F1
23-Apr-18			400,000	0.39	30-May-18	-400,000	-158.14	A	F1
					Debtor		10.19	A	F1
Monies Invested at 1 April 2018			9,915,000			-8,830,000	-6,527.42		
<u>Investments made April to August 2018</u>									
April 2018									
03-Apr-18	1	DMO	1,500,000	0.25	09-Apr-18	-1,500,000	-61.64	AAA	
03-Apr-18	2	HSBC	200,000	0.35	09-Apr-18	-200,000	-11.51	AA-	F1+
05-Apr-18	3	Coventry BS	Rolled Over	0.28	11-Apr-18		-22.09	A	F1
11-Apr-18	3	Coventry BS	Rolled Over	0.30	23-Apr-18		-47.34	A	F1
23-Apr-18	3	Coventry BS	480,000	0.34	21-May-18	-480,000	-125.19	A	F1
06-Apr-18	4	HSBC	300,000	0.35	11-Apr-18	-300,000	-14.38	AA-	F1+
09-Apr-18	5	HSBC	245,000	0.35	11-Apr-18	-245,000	-4.70	AA-	F1+
09-Apr-18	6	DMO	2,000,000	0.25	10-Apr-18	-2,000,000	-13.70	AAA	
10-Apr-18	7	Thurrock Council	2,000,000	0.40	30-May-18	-2,000,000	-1,095.89		
10-Apr-18	8	HSBC	100,000	0.35	11-Apr-18	-100,000	-0.96	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPaid	PRINCIPAL REPaid £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
12-Apr-18	9	HSBC	80,000	0.35	13-Apr-18	-80,000	-0.77	AA-	F1+
13-Apr-18	10	HSBC	280,000	0.35	16-Apr-18	-280,000	-8.05	AA-	F1+
16-Apr-18	11	HSBC	100,000	0.35	17-Apr-18	-100,000	-0.96	AA-	F1+
16-Apr-18	12	HSBC	450,000	0.35	25-Apr-18	-450,000	-38.84	AA-	F1+
16-Apr-18	13	HSBC	100,000	0.37	08-May-18	-100,000	-22.30	AA-	F1+
16-Apr-18	14	HSBC	150,000	0.35	18-Apr-18	-150,000	-2.88	AA-	F1+
18-Apr-18	15	HSBC	150,000	0.35	23-Apr-18	-150,000	-7.19	AA-	F1+
19-Apr-18	16	HSBC	135,000	0.35	23-Apr-18	-135,000	-5.18	AA-	F1+
20-Apr-18	17	HSBC	250,000	0.35	23-Apr-18	-250,000	-7.19	AA-	F1+
24-Apr-18	18	HSBC	100,000	0.35	25-Apr-18	-100,000	-0.96	AA-	F1+
26-Apr-18	19	HSBC	200,000	0.36	14-May-18	-200,000	-35.51	AA-	F1+
27-Apr-18	20	HSBC	185,000	0.35	30-Apr-18	-185,000	-5.32	AA-	F1+
30-Apr-18	20	HSBC	150,000	0.36	08-May-18	-150,000	-11.84	AA-	F1+
30-Apr-18	21	Lloyds Bank Plc	Rolled Over	0.36	14-May-18		-69.04	A+	F1
14-May-18	21	Lloyds Bank Plc	Rolled Over	0.41	04-Jul-18		-286.44	A+	F1
04-Jul-18	21	Lloyds Bank Plc	500,000	0.38	08-Aug-18	-500,000	-182.19	A+	F1
30-Apr-18	22	Lloyds Bank Plc	Rolled Over	0.45	11-Jun-18		-258.90	A+	F1
11-Jun-18	22	Lloyds Bank Plc	Rolled Over	0.37	09-Jul-18		-141.92	A+	F1
09-Jul-18	22	Lloyds Bank Plc	500,000	0.40	08-Aug-18	-500,000	-164.38	A+	F1
30-Apr-18	23	Dumfries & Galloway Council	2,000,000	0.40	04-Jul-18	-2,000,000	-1,424.66		
01-May-18	24	HSBC	180,000	0.36	14-May-18	-180,000	-23.08	AA-	F1+
03-May-18	25	HSBC	100,000	0.36	22-May-18	-100,000	-18.74	AA-	F1+
03-May-18	26	HSBC	150,000	0.36	08-May-18	-150,000	-7.40	AA-	F1+
08-May-18	27	HSBC	400,000	0.35	14-May-18	-400,000	-23.01	AA-	F1+
08-May-18	28	HSBC	50,000	0.35	18-May-18	-50,000	-4.79	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
10-May-18	29	HSBC	120,000	0.35	14-May-18	-120,000	-4.60	AA-	F1+
11-May-18	30	HSBC	90,000	0.35	14-May-18	-90,000	-2.59	AA-	F1+
14-May-18	31	Lloyds Bank Plc	Rolled Over	0.41	04-Jul-18		-257.79	A+	F1
04-Jul-18	31	Lloyds Bank Plc	450,000	0.38	08-Aug-18	-450,000	-163.97	A+	F1
15-May-18	32	HSBC	300,000	0.35	21-May-18	-300,000	-17.26	AA-	F1+
16-May-18	33	HSBC	100,000	0.35	21-May-18	-100,000	-4.79	AA-	F1+
18-May-18	34	HSBC	360,000	0.35	21-May-18	-360,000	-10.36	AA-	F1+
21-May-18	35	HSBC	125,000	0.35	04-Jun-18	-125,000	-16.78	AA-	F1+
22-May-18	36	HSBC	80,000	0.35	04-Jun-18	-80,000	-9.97	AA-	F1+
24-May-18	37	HSBC	130,000	0.35	31-May-18	-130,000	-8.73	AA-	F1+
29-May-18	38	HSBC	800,000	0.35	30-May-18	-800,000	-7.67	AA-	F1+
30-May-18	39	DMO	1,000,000	0.25	06-Jun-18	-1,000,000	-47.95	AAA	
30-May-18	40	HSBC	600,000	0.35	19-Jul-18	-600,000	-287.67	AA-	F1+
30-May-18	41	DMO	2,950,000	0.26	04-Jul-18	-2,950,000	-735.48	AAA	
30-May-18	42	HSBC	500,000	0.35	11-Jun-18	-500,000	-57.53	AA-	F1+
01-Jun-18	43	HSBC	190,000	0.35	11-Jun-18	-190,000	-18.22	AA-	F1+
04-Jun-18	44	HSBC	135,000	0.35	18-Jun-18	-135,000	-18.12	AA-	F1+
04-Jun-18	45	HSBC	100,000	0.35	22-Jun-18	-100,000	-17.26	AA-	F1+
06-Jun-18	46	DMO	1,000,000	0.25	11-Jun-18	-1,000,000	-34.25	A+	F1
06-Jun-18	47	HSBC	100,000	0.35	07-Jun-18	-100,000	-0.96	AA-	F1+
07-Jun-18	48	HSBC	150,000	0.35	11-Jun-18	-150,000	-5.75	AA-	F1+
11-Jun-18	49	DMO	1,000,000	0.27	19-Jun-18	-1,000,000	-59.18	A+	F1
11-Jun-18	50	HSBC	300,000	0.35	15-Jun-18	-300,000	-11.51	AA-	F1+
13-Jun-18	51	HSBC	80,000	0.35	15-Jun-18	-80,000	-1.53	AA-	F1+
15-Jun-18	52	DMO	1,000,000	0.26	04-Jul-18	-1,000,000	-135.34	A+	F1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAYED	PRINCIPAL REPAYED £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
15-Jun-18	53	HSBC	400,000	0.35	25-Jun-18	-400,000	-38.36	AA-	F1+
20-Jun-18	54	HSBC	110,000	0.35	09-Jul-18	-110,000	-20.04	AA-	F1+
22-Jun-18	55	HSBC	90,000	0.35	09-Jul-18	-90,000	-14.67	AA-	F1+
25-Jun-18	56	HSBC	300,000	0.35	28-Jun-18	-300,000	-8.63	AA-	F1+
27-Jun-18	57	HSBC	250,000	0.35	02-Jul-18	-250,000	-11.99	AA-	F1+
28-Jun-18	58	Barclays Bank plc	1,000,000	0.30	08-Aug-18	-1,000,000	-338.11	A	F1
28-Jun-18	59	HSBC	100,000	0.35	20-Jul-18	-100,000	-21.10	AA-	F1+
28-Jun-18	60	HSBC	150,000	0.35	23-Jul-18	-150,000	-35.96	AA-	F1+
29-Jun-18	61	HSBC	195,000	0.35	02-Jul-18	-195,000	-5.61	AA-	F1+
02-Jul-18	62	DMO	1,000,000	0.25	19-Jul-18	-1,000,000	-116.44	AAA	
02-Jul-18	63	Nationwide BS	1,500,000	0.53	Still invested		-1,328.63	A	F1
02-Jul-18	64	Bank Of Scotland	500,000	0.38	08-Aug-18	-500,000	-192.60	A	F1
02-Jul-18	65	Barclays Bank plc	500,000	0.31	08-Aug-18	-500,000	-154.59	A	F1
02-Jul-18	66	HSBC	200,000	0.35	04-Jul-18	-200,000	-3.84	AA-	
03-Jul-18	67	HSBC	100,000	0.35	04-Jul-18	-100,000	-0.96	AA-	F1+
04-Jul-18	68	DMO	2,500,000	0.25	18-Jul-18	-2,500,000	-239.73	AAA	
04-Jul-18	69	HSBC	360,000	0.35	09-Jul-18	-360,000	-17.26	AA-	F1+
05-Jul-18	70	HSBC	80,000	0.35	09-Jul-18	-80,000	-3.07	AA-	F1+
06-Jul-18	71	HSBC	60,000	0.35	09-Jul-18	-60,000	-1.73	AA-	F1+
09-Jul-18	72	HSBC	180,000	0.35	13-Jul-18	-180,000	-6.90	AA-	F1+
10-Jul-18	73	HSBC	80,000	0.35	13-Jul-18	-80,000	-2.30	AA-	F1+
12-Jul-18	74	HSBC	120,000	0.35	13-Jul-18	-120,000	-1.15	AA-	F1+
13-Jul-18	75	HSBC	180,000	0.35	16-Jul-18	-180,000	-5.18	AA-	F1+
16-Jul-18	76	HSBC	600,000	0.35	19-Jul-18	-600,000	-17.26	AA-	F1+
18-Jul-18	77	HSBC	90,000	0.35	23-Jul-18	-90,000	-4.32	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAYD	PRINCIPAL REPAYD £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
18-Jul-18	78	DMO	2,500,000	0.41	Still invested		-1,263.70	AAA	
19-Jul-18	79	DMO	1,000,000	0.37	20-Aug-18	-1,000,000	-324.38	AAA	
19-Jul-18	80	HSBC	170,000	0.35	23-Jul-18	-170,000	-6.52	AA-	F1+
20-Jul-18	81	HSBC	250,000	0.35	23-Jul-18	-250,000	-7.19	AA-	F1+
23-Jul-18	82	HSBC	200,000	0.38	06-Aug-18	-200,000	-29.15	AA-	F1+
23-Jul-18	83	HSBC	300,000	0.38	08-Aug-18	-300,000	-49.97	AA-	F1+
25-Jul-18	84	HSBC	500,000	0.35	30-Jul-18	-500,000	-23.97	AA-	F1+
27-Jul-18	85	HSBC	100,000	0.40	13-Aug-18	-100,000	-18.63	AA-	F1+
30-Jul-18	86	Yorkshire BS	1,100,000	0.57	Still invested		-566.88	A-	F1
31-Jul-18	87	DMO	1,450,000	0.48	Still invested		-610.19	AAA	
31-Jul-18	88	Leeds BS	1,750,000	0.68	Still invested		-1,043.29	A-	F1
01-Aug-18	89	HSBC	250,000	0.35	06-Aug-18	-250,000	-11.99	AA-	F1+
03-Aug-18	90	HSBC	120,000	0.60	06-Aug-18	-120,000	-5.92	AA-	F1+
06-Aug-18	91	HSBC	70,000	0.60	08-Aug-18	-70,000	-2.30	AA-	F1+
08-Aug-18	92	HSBC	80,000	0.60	20-Aug-18	-80,000	-15.78	AA-	F1+
08-Aug-18	93	HSBC	100,000	0.60	22-Aug-18	-100,000	-23.01	AA-	F1+
13-Aug-18	94	HSBC	100,000	0.60	Still invested		-31.23	AA-	F1+
15-Aug-18	95	HSBC	390,000	0.60	16-Aug-18	-390,000	-6.41	AA-	F1+
16-Aug-18	96	HSBC	25,000	0.60	17-Aug-18	-25,000	-0.41	AA-	F1+
16-Aug-18	97	Lloyds Bank Plc	770,000	0.70	Still invested		-236.27	A+	F1
17-Aug-18	98	HSBC	225,000	0.60	Still invested		-55.48	AA-	F1+
20-Aug-18	99	HSBC	135,000	0.60	Still invested		-26.63	AA-	F1+
22-Aug-18	100	HSBC	80,000	0.60	Still invested		-13.15	AA-	F1+
24-Aug-18	101	HSBC	80,000	0.60	Still invested		-10.52	AA-	F1+
28-Aug-18	102	HSBC	200,000	0.60	Still invested		-13.15	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
28-Aug-18	103	HSBC	350,000	0.60	Still invested		-23.01	AA-	F1+
30-Aug-18	104	HSBC	115,000	0.60	31-Aug-18	-115,000	-1.89	AA-	F1+
31-Aug-18	105	Bank Of Scotland	650,000	0.60	Still invested		-10.68	A+	F1
31-Aug-18	106	Lloyds Bank Plc	980,000	0.60	Still invested		-16.11	A+	F1
31-Aug-18	107	Barclays Bank plc	1,750,000	0.53	Still invested		-25.41	A	F1
31-Aug-18	108	HSBC	110,000	0.60	Still invested		-1.81	AA-	F1+
Investments April - August 2018			51,240,000			-37,510,000	-13,149.67		
Total Investments 2018/19 (including Brought Forward from 2017/18)			61,155,000			-46,340,000	-19,677.09		

POLICY AND FINANCE COMMITTEE

Fitch Rating Definitions	
International Long-Term Credit Ratings	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
International Short-Term Credit ratings	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.
B	Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.

**POLICY AND FINANCE COMMITTEE
FULL RATING LIST OF APPROVED INSTITUTIONS AS AT 31 AUGUST 2018**

	S&P Global Ratings			Moody's			Fitch				
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Full Review Date	Long Term	Short Term		Outlook
Building Societies											
Nationwide	A	A-1	Stable	Aa3	P-1	Stable	01/03/18	A	F1	Stable	£1m min,
Yorkshire	-	-	-	A3	P-1	Stable	24/04/18	A-	F1	Stable	
Coventry	-	-	-	A2	P-1	Stable	24/04/18	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Baa1	P-2	Positive	24/04/18	A-	F1	Stable	
Leeds	-	-	-	A3	P-2	Stable	24/04/18	A-	F1	Stable	3Mth
Principality	-	-	-	Baa2	P-2	Stable	24/04/18	BBB+	F2	Stable	No Contact
Banks											
Santander UK Plc.	A	A-1	Stable	Aa3	P-1	Stable	24/01/18	A	F1	On Watch	
Barclays Bank Plc.	A	A-2	Stable	A1	P-1	Stable	21/06/18	A	F1	Stable	
Bank of Scotland Plc.	A+	A-1	Stable	Aa3	P-1	Stable	24/01/18	A+	F1	Stable	
Co-operative Bank (The)	-	-	-	Caa1	NP	Positive	14/08/18	BBB	F2	Stable	£1m min
HSBC Bank Plc.	AA-	A-1+	Stable	Aa3	P-1	Stable	02/07/18	AA-	F1+	Stable	
Lloyds Bank Plc.	A	A-1	Stable	Aa3	P-1	Stable	24/01/18	A+	F1	Stable	£250k
National Westminster Bank Plc.	A-	A-2	Positive	A1	P-1	Positive	15/05/18	A-	F2	Stable	Current a/c required
Royal Bank of Scotland Plc.	A-	A-2	Stable	A1	Baa1	Positive	15/05/18	BBB+	F2	Stable	Current a/c required